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FM SECSTATE WASHDC  
TO AMEMBASSY MOSCOW IMMEDIATE  
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE PRIORITY

S E C R E T STATE 203587

E.O. 12958: DECL: 12/28/2031  
TAGS: PARM MTCRE PREL MNUC ETTC RS

SUBJECT: IRAN AND SYRIA NONPROLIFERATION ACT --  
NOTIFICATION OF SANCTIONS AGAINST FOUR RUSSIAN ENTITIES (C)

REF: A. A. STATE 199890  
1B. B. 05 STATE 225792  
1C. C. 05 STATE 205206

Classified By: ISN/MTR DIRECTOR PAM DURHAM  
FOR REASONS 1.4 (B), (D), and (H).

¶11. (U) This is an action request. Embassy Moscow please see paragraph 5.

¶12. (S) Background: The Iran and Syria Nonproliferation Act (ISNA) requires periodic reports to Congress identifying foreign entities with respect to whom there is credible information indicating that they have transferred to or acquired from Iran or Syria items on multilateral lists (Australia Group (AG), Chemical Weapons Convention (CWC), Missile Technology Control Regime (MTCR), Nuclear Suppliers Group (NSG), and the Wassenaar Arrangement) or other items with the potential to make a material contribution to missile, WMD, or certain other weapons programs. The USG has determined that Rosoboronexport, Kolomna Design Bureau of Machine-Building (KBM), Tula Design Bureau of Instrument Building (KBP) and Aleksey Safonov have engaged in activities, as noted above, that warrant the imposition of measures pursuant to Section 3 of the ISNA.

¶13. (S) Accordingly, pursuant to the provisions of the ISNA, the following penalties are imposed on these entities, (or individuals), their subunits, subsidiaries, and successors:

- a. No department or agency of the United States Government may procure, or enter into any contract for the procurement of any goods, technology, or services from them;
- b. No department or agency of the United States Government may provide any assistance to them, and they shall not be eligible to participate in any assistance program of the United States Government;
- c. No USG sales to them of any item on the United States Munitions List are permitted, and all sales to them of any defense articles, defense services, or design and construction services under the Arms Export Control Act are terminated; and
- d. No new individual licenses shall be granted for the transfer to them of items, the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations, and existing such licenses are suspended.

These measures, which will take effect shortly, will remain in place for two years. We want to provide advance notice to the Russian Government of this decision, note that this determination will be published soon in the Federal Register, and make clear that the penalties are only on the entities or individuals. End Background.

¶14. (S) Purpose/Objective: To inform the host government of the sanctions determination prior to its publication in the Federal Register. Post may also draw from reftels (A ) C) to reiterate U.S. concerns regarding the supply of conventional arms and items with the potential to make a material contribution to missile or WMD programs. Post

should make clear that the U.S. will continue to raise cases of proliferation concern with the Government of Russia and look for opportunities to cooperate.

15. (S) Action request: Post is requested to provide the following suggested talking points to appropriate Russian government officials and report response. Talking points also may be provided as a non-paper.

16. (S//REL RUSSIA) Suggested Talking Points:

The United States has determined that there is credible information indicating that Rosoboronexport, Kolomna Design Bureau of Machine-Building (KBM), Tula Design Bureau of Instrument Building (KBP) and Aleksey Safonov transferred to or acquired from Iran since January 1, 1999, or transferred to or acquired from Syria since January 1, 2005, items on a multilateral control list, or other items that have the potential to contribute materially to WMD, missile, or certain other weapons programs in Iran or Syria.

-- We have regularly advised the government of Russia of the requirements and potential effects of U.S. sanctions laws, and the sanctions being imposed at this time are consistent with the information we have provided you in the past.

-- As we have recently discussed, Iran and Syria are both leading State Sponsors of Terrorism and Russian entities that have previously or continue to make proliferation-related transfers to these states risk incurring sanctions under U.S. law.

-- We hope to be able to provide you with additional information on the ROE case soon.

-- In the case of Kolomna Design Bureau (KBM), the information relates to the vehicle-mounted short-range air defense systems, including the Igla-S missiles, it sold to Syria. We previously raised our concerns and requested at the highest levels of your government during 2005 and 2006 that you halt this transfer.

-- In the case of Tula Design Bureau (KBP), the information relates to the transfer of conventional arms to Syria during this reporting period.

-- In the case of Aleksey Safonov, the information relates to the transfer in early September 2005, of a shipment of Russian-origin VG-951 fiber optic and MG-4 dynamically tuned gyroscopes, A-16 accelerometers, and other guidance, navigation and control equipment to the Iranian missile entity Fadjr Industries Group. We advised you of this transfer in December 2005.

-- As we have discussed on numerous occasions, we view military- and proliferation-related transfers to Iran very seriously, particularly in light of Iran's continuing refusal to meet IAEA and UN requirements with regard to its nuclear program: a statement which it recently repeated following the passage of UN Security Council Resolution (UNSCR) 1737, imposing targeted sanctions on Iran's nuclear and missile program.

-- Continued arms sales to Iran and Syria undermine our joint diplomatic efforts to resolve the Iranian nuclear weapons issue and the crisis in the Middle East.

--The U.S. has thus decided to impose penalties on ROE, Safonov, KBM, and KBP as provided for in the Iran and Syria Nonproliferation Act (ISNA).

-- Accordingly, pursuant to the provisions of the ISNA, the following measures are imposed on these entities, (or individuals), and their successors, subunits, and subsidiaries:

a. No department or agency of the United States Government may procure, or enter into any contract for the procurement

of any goods, technology, or services from them;

b. No department or agency of the United States Government may provide any assistance to them, and they shall not be eligible to participate in any assistance program of the United States Government;

c. No USG sales to them of any item on the United States Munitions List are permitted, and all sales to them of any defense articles, defense services, or design and construction services under the Arms Export Control Act are terminated: and

d. No new individual licenses shall be granted for the transfer to them of items, the export of which is controlled under the Export Administration Act of 1979 or the Export Administration Regulations, and existing such licenses are suspended.

-- These measures will take effect shortly and will remain in place for two years.

-- This determination will be published soon in the Federal Register.

SECRET/Rel Russia

If Raised:

Appearance of Federal Register notice. The Federal Register notice will appear in the coming week. We'll make sure you receive a copy.

The Federal Register notice will be similar to the August Federal Register notice regarding INPA sanctions.

Termination of Sanctions.

-- As a matter of policy, the U.S. has been willing to reconsider the sanctions if the company provided further information and/or made certain commitments. This was the case with Sukhoy.

End Talking Points

¶7. (U) Please slug any reporting on this issue for ISN/MTR, EUR/PRA, and EUR/RUS. A response is requested as soon as possible. Department point of contact is Ralph Palmiero, ISN/MTR, 202-647-3737(palmierorm@state.sgov.gov).

RICE

NNNN

End Cable Text